

Senate, March 26, 1998. The Committee on Insurance and Real Estate reported through SEN. BOZEK, 6th DIST., Chairman of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING INSURANCE ADVISORY ORGANIZATIONS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 38a-673 of the general statutes is
2 repealed and the following is substituted in lieu
3 thereof:

4 (a) No advisory organization shall conduct
5 its operations in this state unless and until it
6 has filed with the Insurance Commissioner (1) a
7 copy of its constitution, articles of
8 incorporation, agreement or association and the
9 bylaws, or rules and regulations governing its
10 activities, all duly certified by the custodian of
11 the originals thereof, (2) a list of its members
12 and subscribers, and (3) the name and address of a
13 resident of this state upon whom notices or orders
14 of the commissioner or process may be served.

15 (b) Every such advisory organization shall
16 notify the Insurance Commissioner promptly of
17 every change in its constitution, its articles of
18 incorporation, agreement or association, and of
19 its bylaws, rules and regulations governing the
20 conduct of its business, its list of members and
21 subscribers and the name and address of the
22 resident of this state designated by it upon whom

23 notices or orders of the commissioner or process
24 affecting such organization may be served.

25 (c) With respect to personal and commercial
26 risk insurance, no such advisory organization may
27 compile for or distribute to insurers generally,
28 recommendations relating to rates that include
29 profit, general and other acquisition expenses,
30 commission and brokerage, taxes or licenses and
31 fees, nor file rates, supplementary rate
32 information or supporting information on behalf of
33 an insurer that includes profit, general and other
34 acquisition expenses, commission and brokerage,
35 taxes or licenses and fees, provided that the
36 provisions of this subsection may be waived by the
37 Insurance Commissioner when it would be in the
38 public interest and shall not apply to residual
39 markets. Any advisory organization may, upon the
40 request of any insurer, produce rates for such
41 insurer based upon such insurer's exposure, loss,
42 expense and profit data. The provisions of this
43 subsection shall be applicable to services
44 rendered by insurance rating and advisory
45 organizations in relation to workers' compensation
46 insurance on and after October 1, 1989, and to
47 other such services on and after July 1, 1990.

48 (d) ANY ADVISORY ORGANIZATION MAY COLLECT,
49 COMPILE AND DISSEMINATE TO INSURERS AND OTHER
50 PERSONS COMPILATIONS OF PAST AND CURRENT PREMIUMS
51 OF INSURERS.

52 [(d)] (e) No such advisory organization shall
53 engage in any unfair or unreasonable practice with
54 respect to such activities.

55 INS COMMITTEE VOTE: YEA 18 NAY 0 JF

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"THE FOLLOWING FISCAL IMPACT STATEMENT AND BILL ANALYSIS ARE PREPARED FOR THE BENEFIT OF MEMBERS OF THE GENERAL ASSEMBLY, SOLELY FOR PURPOSES OF INFORMATION, SUMMARIZATION AND EXPLANATION AND DO NOT REPRESENT THE INTENT OF THE GENERAL ASSEMBLY OR EITHER HOUSE THEREOF FOR ANY PURPOSE."

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FISCAL IMPACT STATEMENT - BILL NUMBER SB 504

STATE IMPACT None, see explanation below

MUNICIPAL IMPACT None

STATE AGENCY(S) Department of Insurance

EXPLANATION OF ESTIMATES:

The bill allows insurance advisory organizations to collect, compile and disseminate to insurers and other people compilations of past and current premiums filed or used by insurance companies.

The bill has no impact on the workload of the Department of Insurance.

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OLR BILL ANALYSIS

SB 504

AN ACT CONCERNING INSURANCE ADVISORY ORGANIZATIONS

SUMMARY: This bill allows insurance advisory organizations to collect, compile, and disseminate to insurers and other people compilations of past and current premiums filed or used by insurance companies. Under current law, unchanged by the bill, advisory organizations are prohibited from filing, or compiling for or distributing to insurers recommendations related to personal and commercial insurance rates that include profit, general and other acquisition expenses, commissions, brokerage fees, taxes, and license fees.

EFFECTIVE DATE: October 1, 1998

BACKGROUND

Advisory Organizations

Advisory organizations are incorporated associations that develop statistical plans and collect statistical data from members, subscribers and other sources; prepare, distribute, and files rates and supplementary rate information and policy forms with insurance departments; conduct research and on-site inspections to evaluate risk; and furnish other services to member insurers.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Report
Yea 18 Nay 0